

Message Text

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ACTION EB-11

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E. O. 11652: N/ A

TAGS: ETRN SP

SUBJECT: CIVAIR BILATERAL CHARTER SITUATION

1. ON BASIS O' CONNOR' S ADVICE TO EMBASSY THAT FURTHER INFORMAL DISCUSSIONS MIGHT BE USEFUL, EMBASSY ORGANIZED MEETING WITH O' CONNOR JUNE 8 WITH MEADOWS, MURPHY, ECON COUNSELOR AND EMBOFF TO DISCUSS SPANISH CHARTER POSITION.

2. O' CONNOR STATED BASIC SPANISH POSITION HAD NOT BEEN MODIFIED SUBSTANTIALLY, I. E. THAT FROM SPANISH VIEWPOINT SOME UNILATERAL MOVEMENT EITHER ON U. S. OR SPANISH SIDE PRIOR TO ANY FORMAL BILATERAL TALKS TO ESTABLISH EQUALITY WOULD BE NECESSARY. HOWEVER, HE INDICATED THAT, ON BASIS DISCUSSIONS WITH AIR MINISTER, POSSIBILITY FORMAL NEGOTIATIONS WITHOUT UNILATERAL SPANISH ACTION WAS NOT FORECLOSED. HE REITERATED THE MANY PRESSURES WITHIN GOS TO OBTAIN SOME IMPROVEMENT IN POSITION OF THE SPANISH CHARTER CARRIERS BUT SUGGESTED THAT THERE WERE DIFFERENT VIEWS IN GOS ON MEANS OF EFFECTING APPROPRIATE RESOLUTION. ON THE ONE HAND THERE WAS STRONG NATIONAL PRESSURE TO TAKE UNILATERAL ACTION IN ADVANCE OF ANY NEGOTIATIONS. ON THE OTHER HAND, HIS OWN VIEW, APPARENTLY AT LEAST PARTIALLY SUPPORTED BY AIR MINISTER, WAS THAT IT MIGHT BE POSSIBLE

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TO GET TO THE NEGOTIATING TABLE WITHOUT ANY PRIOR UNILATERAL ACTION. O' CONNOR'S PRACTICAL SCENARIO FOR MOVING FORWARD WAS TO SET UP TALKS WASHINGTON JUNE 19 AND 20 (IN CONNECTION WITH IBERIA INAUGURAL) OSTENSIBLY TO COMPLETE ABC/ TGC ARRANGEMENT. HOWEVER, DURING THOSE TALKS SPANISH SIDE WOULD BE PREPARED DISCUSS MATTER FURTHER INFORMALLY INCLUDING ARRANGEMENTS FOR FORMAL NEGOTIATIONS TO REACH A CHARTER AGREEMENT. O' CONNOR GAVE IMPRESSION THAT IF SUCH A SCENARIO COULD BE WORKED OUT AND SOME CONCLUSION REACHED PRIOR TO NOVEMBER 1973, NO ACTION WOULD BE TAKEN AGAINST THE U. S. SUPPLEMENTAL CARRIERS. HE MADE IT CLEAR, HOWEVER, THIS WAS NOT A COMMITMENT.

3. U. S. REPS EMPHASIZED THAT AS PRACTICAL MATTER SPANISH INTERESTS IN CHARTER MARKET COULD BE SERVED THROUGH IBERIA'S EXISTING CHARTER AUTHORITY. WITHOUT COMMITMENT IT WOULD NOT APPEAR THAT THERE WOULD BE ANY DIFFICULTY IN AN EXPANSION IBERIA'S CHARTER SERVICES UNDER ITS EXISTING PERMIT AUTHORITY TO MEET NATIONAL OBJECTIVES. O' CONNOR EXPRESSED UNDERSTANDING OF THIS SITUATION BUT POINTED OUT THIS WOULD NOT MEET OBJECTIVES OF CHARTER CARRIERS WHICH NOW HAD STRONG SUPPORT FROM SPANISH CONCERNED MINISTRIES (INCLUDING AIR AND MFA). HE DID EXPRESS VIEW HE PERSONALLY WOULD NOT BE DISMAYED BY FINAL SOLUTION WHICH WOULD LEAVE ENTIRE US- SPANISH MARKET, BOTH SCHEDULED AND CHARTER, TO SCHEDULED CARRIERS OF BOTH SIDES.

4. U. S. REPS INDICATED THAT WHILE THEY COULD SEE NO PROBLEM WITH SUGGESTION DISCUSS ABC/ TGC'S IN WASHINGTON ON JUNE 19 AND 20, THIS WOULD HAVE TO BE FORMALLY CONFIRMED BY USG. IF SUCH TALKS WERE HELD IT WOULD APPEAR USEFUL ALSO EXAMINE QUESTION LONG- TERM CHARTER ARRANGEMENTS. HOWEVER, THIS WOULD HAVE TO BE CHECKED OUT WITH WASHINGTON AND CONFIRMATION PROVIDED THROUGH EMBASSY.

5. IN PASSING O' CONNOR INDICATED GOS HAD INSTRUCTED SPANTAX NOT TO CANCEL THE 99- FLIGHT PROGRAM WITH HOLIDARE SCHEDULED TO COMMENCE NOVEMBER IN HOPE US- SPANISH DISCUSSIONS WOULD PROVIDE BASIS FOR CARRYING OUT THIS PROGRAM.

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6. U. S. REPS AND EMBOFF ALSO SAW PASTOR IN MFA (IN ABSENCE VALLAURE WHO OUT OF TOWN). PASTOR NOT FULLY ACQUAINTED WITH ALL DETAILS BUT DID EMPHASIZE THAT, IN LIGHT RECENT UNDERSTANDINGS REACHED BETWEEN CERTAIN ECAC STATES AND U. S., GOS WOULD NOT ALLOW SO- CALLED ECAC GENTLEMEN'S AGREEMENT ON BILATERALS STAND IN WAY US- SPANISH CHARTER SETTLEMENT. PASTOR INDICATED HE WOULD

BE IN WASHINGTON WITH O' CONNOR AND WOULD BE PREPARED
PARTICIPATE IN ANY BILATERAL DISCUSSIONS.

7. COMMENT: EMBASSY VIEW IS THAT CURRENT MINISTERIAL
SHAKEUP, BEING REPORTED SEPARATELY, QUITE CLEARLY WILL
MAKE SPANISH LINE CIVAIR CHARTER MUCH HARDER. RECOMMEND
THAT IF AT ALL POSSIBLE WE ACCOMMODATE SPANISH SUGGESTION
FOR WASHINGTON MEETING JUNE 19-20.

8. ACTION REQUESTED: WASHINGTON' S ADVICE ON SPANISH
PROPOSAL TO MEET IN WASHINGTON AS OUTLINED PARA 4.
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